



New Nordic Healthbrands AB (publ)

Full-Year Report 2015

			Q4	Q4
	2015	2014	2015	2014
Net sales, SEK m	298 485	271 949	75 183	70 693
Gross profit, SEK m	196 708	173 728	49 528	44 928
Gross margin, %	65.9	63.9	65.9	63.6
EBITDA, sek m	18 592	19 118	4 215	4 933
EBITDA, %	6.2	7.0	5.6	7.0
Operating profit, SEK m	15 718	16 199	3 282	4 007
Operating margin, %	5.3	6.0	4.4	5.7
Profit for the period, SEK m	11 330	12 375	2 313	3 154
Earning per share, SEK	1.83	2.00	0.37	0.51
EBITDA per share, SEK	3.00	3,09	0.68	0.80

*There are no dilutive effects

Comments by Karl Kristian Bergman Jensen, CEO

2015 was a good year for New Nordic. Revenues increased 5 percent in local currencies. After the translation to Swedish kronor, the increase was 10 percent and revenues amounted to just over SEK 298 million. Sales have increased in almost all countries where we operate. We are taking market share. The increase in revenue is a result of our focus on continuous product innovation, effective advertising and good activities with our retailers. Sales are well distributed on many products. Out of a total of 30 products, we have 10 products that each accounts for more than 5 percent of sales. Our growth in revenue is not quite up to our ambitions.

Our growth is largely driven by increased marketing investments. Particularly in countries like the US and Germany. There, we work to build a larger presence in the market place and a size of our local revenue that allow us to run a more profitable business. In 2015, we chose to invest a little extra in the United States to lift some additional products sales level while expanding our distribution. In Norway, Sweden and Canada, we have also been challenged this year by various market-specific reasons. We have worked hard to increase the sales level in these three countries, and it has required additional marketing efforts. We have good plans for Norway, Sweden and Canada for 2016 and we are confident that we will manage to normalize the profitability again in these three markets. In England, Denmark, Italy and France, we had good growth in both sales and profitability.

During the year, we have launched some new products: Coffee Diet™, Nordic Organic Fish Oil™, Raspberry Kick™, Skin Care Deep Cleanse™ and Skin Care Dry Skin™. The launches have all gone well and the products have been well received by consumers. In the fourth quarter we also finalized a clinical study in Paris on Skin Care Collagen Filler™ with amazing results in wrinkles and skin moisture, rigor and agility. We expect that these results will benefit the sales of skin care series.

Our costs are under control. By focusing our marketing efforts on products with high gross margin and the fact that our own brand sales now account for over 90 percent of total sales, we have managed to increase gross margin to almost 66 percent. With a high dollar, our herbal raw material prices have increased. Additionally, one of our manufacturers enforced a hefty price increase during the last quarter. Therefore, our gross margin is under pressure right now. We have already taken steps to defend our gross margin by finding alternative solutions to manufacturing and raw material suppliers.

Marketing and sales costs have generally increased proportionally with income. However, in North America, we have invested more as we felt this was to our long term benefit. It was therefore particularly in North America, we had lower earnings but we expect to increase profits again in North America in 2016. From the start of 2016 distribution is expanding in the US pharmacies and we have re-allocated marketing spendings between our individual products. In Canada, we will also expand our distribution significantly on individual products in March, 2016.

Staff and administrative expenses increased pro rata with revenues. We have expanded our staff from 38 to 44 people. Centrally, we have strengthened our regulatory department and our export department. In addition, we have expanded the staff in our sales companies and hired an extra person in Canada, one in Italy, one in Kazakhstan and one in Georgia.

The EBITDA margin was 6.2 percent compared with 7 percent last year. It is not satisfactory, and our ambition is higher. Compared to last year, it must also be pointed out that we in 2014 had significant positive currency effects. In 2015, total costs related to interest and financial items amounted to SEK 1.5 million. In 2014 we had had a net contribution on interest and financial item amounting to SEK 0.3 million. A difference of 1.8 million SEK. Our profit after tax declined by 8 percent resulting in earnings per share of SEK 1.83.

There were some significant changes to our balance sheet during 2015. In the summer, we restructured our financing of the current operations from factoring to bank overdrafts. It resulted in an increase in our short-term receivables even though we had not granted additional credit to our customers. Furthermore, as part of our plan to enhanced our quality control and delivery performance, we have established our own warehousing of herbal extracts. This has led to an increase in the inventory of more than 10,6 million SEK.

Return on equity was almost 32 percent and the groups shareholders equity increased to 35.8 million SEK. Our financial structure is sound and our cash situation is good. New Nordic's employees have done a great job in 2015. We can rely on the desirability of our brands and we have a number of exciting new launches and activities planned for 2016. We are committed to execution of our strategy. Simultaneously we are prepared to show flexibility and improvisation to adapt to changes in our changing environment. Our team is highly qualified, committed and determined and we are ready to increase our international business and generate growth in both sales and earnings.

I look forward to a good and exiting year in 2016.

Karl Kristian Bergman Jensen

Sales

Sales for the year amounted to 298.5 million SEK [271.9], an increase of 9.8 percent. In local currencies, the increase was 5.0 percent. Sales in the Nordic countries increased by 9.3 percent to 125.4 million SEK [114.7]. Sales in the other European countries increased by 10.7 percent to 101.3 million SEK [91.5]. Sales in North America rose by 10.3 percent to 65.6 million SEK [59.5]. Exports to Asia fell to 6.1 million SEK [6.2].

Results for the year

Gross profit for the year amounted to 196.7 million SEK [173.7]. This corresponds to a gross margin of 65.9 percent [63.9].

The increase is mainly a result of the company's efforts to focus marketing investments on products with high gross margin and the fact that the company's sales of own brands now account for over 90 percent of total sales. Selling and administrative expenses amounted to SEK 178.1 million [154.6], an increase of 15.2 percent. The largest increase in costs was related to higher marketing costs. Especially in North America. In addition, personnel costs increased as a result of the company's increase in personnel from 38 to 44 employees. EBITDA decreased by 2.7 percent to 18.6 million SEK [19.1]. This corresponds to an EBITDA margin of 6.2 percent [7.0]. Operating profit amounted to SEK 15.7 million [16.2]. This corresponds to an operating margin of 5.3 percent (6.0). Profit after financial items amounted to 14.2 million SEK [16.5]. In 2015, totaled interest and financial items amounted to an expense of SEK 1.5 million [0.3]. Profit after tax for the financial year was 11.3 million SEK [12.4].

Comments for fourth quarter

Sales in local currencies increased by 4.6 percent. Converted into SEK, sales increased by 6.4 percent to 75.2 million SEK (70.7). Gross margin increased to 65.9 percent [63.6]. EBITDA decreased by 14.6 percent to 4.2 million SEK [4.9]. Selling and administrative expenses amounted to 45.3 million SEK [40.0], an increase of 13.3 percent. Profit after financial items amounted to 2.8 million SEK [4.4] and net income decreased by 26.7 percent to 2.3 million SEK [3.2]. Inventories increased by 34.0 percent compared with the same period last year and amounted to 46.9 million SEK [35.0]. Approximately 10.6 million SEK is related to the fact that the company has established an inventory of herbal extracts.

Financial position and cash flow

The Group's total assets at 31 December 2015 amounted to 125.2 million SEK [100.7], an increase of 24.4 percent compared to the same time last year. The two most significant reasons for the increase is the rise in raw material inventory and the fact that the company restructured its financing operations of factoring to bank overdrafts. The operating activities generated a negative cash flow of -2.6 SEK (3.2) during the year. Liquid assets amounted to SEK 6.8 million [6.0]. The Group's equity ratio was 28.6 percent [24.9]. Shareholders' equity apportioned on the outstanding 6,195,200 [6,195,200] shares amounted to 5.77 SEK [4.04] as of December 31, 2015 .

Expansion

In 2016, the company will continue to focus on building a leading brand in a number of specific market segments. Profitable products will be launched in markets where New Nordic is active and efforts will be made to broaden the geographic distribution through reputable national distributors who can market New Nordic brands for their own account and risk in their country. In the US, the company will only focus on a few brands of Pharmacy distribution. At the same time New Nordic will focus to build the business in the US health food stores. New Nordic expects to increase sales and earnings in all markets where it operates.

Parent company

The parent company's net sales in 2015 amounted to 111.7 million SEK [107.3].

Comment to this quarter

No particular comments. Business as usual.

Transactions with related parties

There have been no significant transactions with related parties during the period.

Accounting principles

This report has been prepared in accordance with Årsredovisningslagen (1995:1554) and BFNAR 2012:1 Årsredovisning -och koncernredovisning (K3).

Certified adviser

New Nordic Healthbrands AB's Certified Adviser is Mangold Fondkommission AB.

Upcoming reports

Year-end report 2015	7 April 2016
Annual report 2015	28 April 2016
Three-month report 2016	28 April 2016
Six-month report 2016	29 July 2016
Nine-month report 2016	31 October 2016

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This report has not been audited.

Malmö October 30, 2015

New Nordic Health Brands AB (publ)

New Nordic Health Brands AB

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Income Statement (SEK m)

(kSEK)	2015	2014	Q4 2015	Q4 2014
Sales	298 485	271 949	75 183	70 693
Cost of goods sold	-101 777	-98 221	-25 655	-25 765
Cross profit	196 708	173 728	49 528	44 928
Personnel expenses	-31 731	-28 387	-7 990	-8 567
Other external expenses	-146 385	-126 223	-37 323	-31 428
EBITDA	18 592	19 118	4 215	4 933
Depreciations	-2 874	-2 919	-933	-926
Operating (EBIT)	15 718	16 199	3 282	4 007
Interest and other financial items	-1 478	326	-465	403
Profit after financial items	14 240	16 525	2 817	4 410
Tax	-2 910	-4 150	-504	-1 256
Profit for the period	11 330	12 375	2 313	3 154
Average number of shares	6 195 200	6 195 200	6 195 200	6 195 200
Number of shares by the end of the period*	6 195 200	6 195 200	6 195 200	6 195 200
Earnings per share, SEK *	1.83	2.00	0.37	0.51
EBITDA per share, SEK	3.00	3.09	0.68	0.80

*There are no dilutions.

Balance Sheet

(kSEK)	2015	2014
Assets		
FIXED ASSETS		
Intangible fixed assets	699	2 977
Tangible fixed assets	1 552	1 834
Financial assets	5 358	9 014
TOTAL FIXED ASSETS	7 609	13 825
CURRENT ASSETS		
Inventories	46 879	34 995
Current receivables	63 911	45 847
Liquid funds	6 836	5 995
Total current assets	117 626	86 837
TOTAL ASSETS	125 235	100 662
Equity and liabilities		
EQUITY	35 772	25 059
Deffered tax	1 320	1 618
Long-term debt	1 295	1 198
Short term liabilities – interest bearing	18 145	9 439
Short term liabilities – non interest bearing	68 703	63 348
Current liabilities	86 848	72 787
TOTAL LIABILITIES AND EQUITY	125 235	100 662

Change in Equity

2015

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Balance	6 195	5 248	13 616	25 059
Transfer between restricted and unrestricted reserves		-390	390	0
Exchange rate differences			-617	-617
Profit for the period			11 330	11 330
Balance	6 195	4 858	24 719	35 772

2014

(kSEK)	Share capital	Restricted reserves	Free equity	Total equity
Balance	6 195	3 935	3 419	13 549
Transfer between restricted and unrestricted reserves		1 313	-1 313	0
Exchange rate differences			-865	-865
Profit for the period			12 375	12 375
Balance	6 195	5 248	13 616	25 059

Cash Flow Statements

(kSEK)	2015	2014	Q4 2015	Q4 2014
CURRENT OPERATIONS				
Profit after financial items	15 718	16 199	3 282	4 007
Adjustments for				
Depreciations	2 874	2 919	933	926
Other provisions	5	0	0	-255
	18 597	19 118	4 215	4 678
Interest received	256	270	98	81
Interest expense	-1 165	-1 740	-127	-425
Taxation paid	-2 289	-2 489	-488	778
Cash flow from current operations before changes in working capital	15 399	15 159	3 698	5 112
Cash flow from changes in working capital				
Inventories	-13 511	-3 064	-15 813	-3 295
Current receivables	-20 497	-1 777	5 212	-1 059
Current liabilities	16 049	-7 114	8 181	-947
Cash flow from current operations	-2 560	3 204	1 278	-189
INVESTMENT ACTIVITIES				
Investment in intangible fixed assets	0	-1	0	-1
Investments in tangible fixed assets	-792	-587	-156	130
Divestment of inventory	65	0	0	0
Long term receivables	2 816	-1 588	133	1 356
Cash flow from investment activities	2 089	-2 176	-23	1 485
FINANCING ACTIVITIES				
Changes in long term debt	1 555	-1 483	701	-790
Cash flow from financing activities	1 555	-1 483	701	-790
Changes in liquid funds	1 084	-455	1 956	506
Liquid funds at the beginning of the period	5 995	6 072	5 051	5 357
Exchange rate effect	-243	378	-171	132
Liquid funds at the end of the period	6 836	5 995	6 836	5 995

Key Figures

(kSEK)	2015	2014	Q4 2015	Q4 2014
Sales	298 485	271 949	75 183	70 693
Gross profit	196 708	173 728	49 528	44 928
EBITDA	18 592	19 118	4 215	4 933
Operating profit	15 718	16 199	3 282	4 007
Profit after financial items	14 240	16 525	2 817	4 410
Results after tax	11 330	12 375	2 313	3 154
Total assets	125 235	100 662	125 235	100 662
Return on capital employed, %	28.9	46.1	6.2	12.5
Return on shareholders equity, %	31.7	49.4	6.5	12.6
Equity	35 772	25 059	35 772	25 059
Equity ratio, %	28,6	24,9	28,6	24,9
Debt ratio	2,50	3,02	2,50	3,02
Interest coverage ratio	13.7	9.5	26.61	9.62
Investments	792	588	156	129
Cash flow from current operations	-2 560	3 204	1 278	-189
Gross margin, %	65.9	63.9	65.9	63.6
EBITDA margin, %	6.2	7.0	5.6	7.0
Operation margin, %	5.3	6.0	4.4	5.7
Profit margin, %	4.8	6.1	3.7	6.2
Number of employees, average	41	37	44	38
Number of shares by the end of the period	44	38	44	38
Sales per employee	7 280	7 350	1 709	1 860
Gross margin per employee	4 798	4 695	1 126	1 182
Profit per employee	347	447	64	116
Average number of shares in the period	6 195 200	6 195 200	6 195 200	6 195 200
Number of shares by the end of the period*	6 195 200	6 195 200	6 195 200	6 195 200
Own shares by the end of the period	0	0	0	0
EBITDA per share, SEK	3.00	3.09	0.68	0.80
Earnings per share*, SEK	1.83	2.00	0.37	0.51
Equity per share, SEK	5.77	4.04	5.77	4.04

*Det finns inga utspädningseffekter

New Nordic Geographic Segments

Sales divided by geographic, SEK

	2015		2014	
	MSEK	PERCENT	MSEK	PERCENT
Nordic	126	42	115	42
Rest of Europe	101	34	92	34
North America	66	22	59	22
Rest of the World	6	2	6	2

Quarterly history

	2015				2014				2013			
	kv1	kv2	kv3	kv4	kv1	kv2	kv3	kv4	kv1	kv2	kv3	kv4
Turnover ex VAT	72.9	76.5	73.9	75.2	61.1	74.9	65.2	70.7	51.0	58.9	58.3	59.7
Change from previous year, %	19.4	2.1	13.2	6.4	19.7	27.2	11.8	18.4	-2.2	6.1	18.0	28.0
EBITDA, MSEK	4.7	4.2	5.5	4.2	3.8	4.7	5.8	4.9	3.5	3.6	3.9	1.1
EBITDA-margin, %	6.5	5.4	7.4	5.6	6.1	6.2	8.8	7.0	6.8	6.1	6.8	1.9
Operating profit, MSEK	4.1	3.5	4.9	3.3	3.1	4.0	5.1	4.0	2.7	2.9	3.2	0.4
Operating margin, %	5.6	4.6	6.6	4.4	5.1	5.3	7.9	5.7	5.3	4.9	5.5	0.6
Result before tax, MSEK	3.9	2.8	4.7	2.8	2.7	4.2	5.2	4.4	1.9	2.9	2.5	0.6
Result after tax, MSEK	3.1	2.2	3.7	2.3	2.1	2.9	4.3	3.2	1.3	2.2	1.1	1.2
Cash*, MSEK	5.6	4.1	5.1	6.8	4.9	5.1	5.4	6.0	3.9	3.3	7.6	6.1
Stock, MSEK	38.7	34.2	31.9	46.9	30.4	32.2	31.2	35.0	29.9	30.1	29.4	30.6
Equity, MSEK	27.7	30.1	33.3	35.8	15.7	18.2	22.2	25.1	9.7	11.8	12.7	13.5
Result per share, SEK	0.50	0.36	0.60	0.37	0.33	0.47	0.69	0.51	0.20	0.36	0.18	0.19
Equity per share, SEK	4.47	4.86	5.37	5.77	2.54	2.95	3.59	4.04	1.57	1.90	2.06	2.19
Cash flow per share operating activities, SEK	-0.57	-0.29	0.15	0.21	0.34	0.16	0.28	-0.03	-0.24	-0.13	0.53	-0.09
Solidity, %	25.6	26.2	28.4	28.6	16.8	17.6	22.9	24.9	11.1	12.7	13.7	15.0

Gross profit: New Nordic's gross profit is the company's net sales less costs to New Nordic suppliers.

Equity: Equity as a percentage of total assets.

Leverage ratio: The ratio of total liabilities and equity.

Profit margin: Profit after financial items plus financial expenses divided by financial expenses.

Return on equity: Net income as a percentage of shareholders' equity at period end.

Capital employed: Total assets less non-interest-bearing provisions and liabilities.

Return on capital employed: Profit after financial items plus financial expenses divided by capital employed.

Investments: Investments in tangible and intangible assets.

Gross margin: Gross profit as a percentage of net sales.

EBITDA margin: Operating income before depreciation and amortization as a percentage of net sales.

Operating margin: Operating profit after depreciation and amortization as a percentage of net sales.

Profit margin: Profit after financial items as a percentage of net sales.

Revenue per employee: Net sales divided by the average number of employees.

Gross profit per employee: Gross profit divided by the average number of employees.

Profit per employee: Profit after financial items divided by the average number of employees.

Earnings per share: Profit after tax divided by the average number of shares.

Equity per share: Shareholders' equity divided by shares outstanding at period end.